



Title Insurance FAQ

What is the role of a Title Agency?

The purchase of real estate is one of the most important decisions and investments you will ever make. At Real Living Title Agency we ensure our clients obtain clear, marketable title through our process of researching and examining the public records on the prior ownership history. Once the research is complete, we produce a title commitment, which is our written promise to issue a title insurance policy clear of liens and claims against the property based on the provisions stated within the commitment. An owner's policy of title insurance protects the owner should someone make a claim against the title to the property. A lender's policy, typically required by any lending institution, protects their interest and rights in the property as well.

Why Do I Need Title Insurance?

The current owner of a property has rights—so do the family and heirs of the owner. Other external parties may have rights as well as a result of holding open mortgages, unpaid and/or delinquent taxes, unpaid contractor's liens, etc. As a new owner of the property without the benefit of title insurance coverage, you may not have knowledge of these, yet would still be vulnerable to any claims against your property. A deed transfers a seller's rights of ownership to you, but does not provide this protection, and therefore doesn't eliminate the risks of claims or rights of others against your property.

The following are types of risks insured:

- Claims of creditors against real estate sold by heirs
- Forged deeds, mortgage releases and other documents
- Claims by children born or adopted after the date of the will
- Claims by previously undisclosed heirs
- Administration of estates of persons absent, but not deceased
- Deed by minors, aliens or persons of unsound mind
- Descriptions of property that appear accurate but are not
- Mistakes in public records
- Misinterpretations of wills
- Fraudulent acts

Lender's Policy vs. Owner's Policy

A Lender's Policy is required by most lending institutions and protects only the lender and not the buyer. It protects a lender from any defects of title and insures that their mortgage is the first and best lien against the real estate. In addition to the Lender's Policy, many lenders require specific endorsements to their basic loan policy such as the EPA endorsement, Comprehensive endorsement, etc.

As a buyer, you should also obtain an Owner's Policy. This insures you against loss resulting from defects of title. For a one-time premium paid at the time of closing, you are covered for as long as you or your heirs retain an interest in the property.

Do I Need Title Insurance for a Condominium?

Yes. A separate loan policy is needed by the lender insuring the validity of the new mortgage. Your owner's policy of title insurance remains valid, and doesn't need to be reissued. However the lender's policy issued at the time you purchased your property protects only the previous lender and addresses only the original mortgage and those conditions stated within. Even if you refinance with the same lender, the original policy does not provide protection against events that may have occurred since you first purchased your property.

Your individual unit must be described by dividing, measuring and locating it, in three-dimensional terms, so that it cannot possibly be confused with any other unit space.

Do I Need Title Insurance if I Refinance?

Yes. A separate policy is needed by the lender insuring the validity of your mortgage when it is made. For as long as you own the property your mortgage is valid, but it doesn't insure the new mortgage created when you refinance, and it doesn't provide protection against events that may have transpired between the time you purchased the property and when it is refinanced.

Lenders also insist on a new title policy because many mortgages are packaged as securities and sold to investors in the secondary mortgage market. Title Insurance is the only practical way to provide the assurance that investors demand and ensure that the mortgages backing these securities are valid and enforceable.